

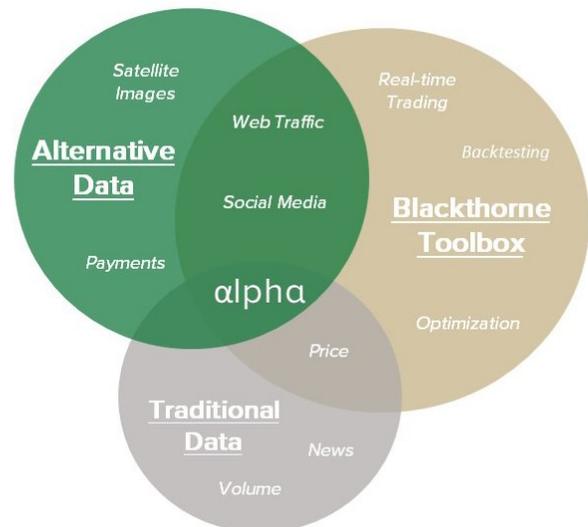
Member Spotlight Interview - Blackthorne

What does the company do? What products/services do you offer?

Located in the Innovation Center at the University of Wisconsin-Whitewater, Blackthorne Capital Management is one of southwest Wisconsin's few commodity trading advisors. Blackthorne is different from most investment firms in that it specializes in alternative data and applies its forecast models to a diversified portfolio of global market sectors including equities, interest rates, energies, metals and agriculturals. Its first investment product, the Blackthorne Sentiment Enhanced Futures Program was launched in September 2020.

Blackthorne applies its alternative data insights in a multi-style quantitative investment framework. Alternative data draws from non-traditional data sources, such as online search, Twitter, web traffic, weather forecasts, social media, satellite images, etc. Using its proprietary research software product called the Toolbox, BCM amalgamates these insights into a rigorously vetted trading program. ([Learn more about the analytics](#)). As the amount of alternative data grows and matures, Blackthorne is well positioned to take advantage of these insights and enrich its trading models.

Blackthorne's Sentiment Enhanced Futures Program seeks capital growth through a diversified trading program of long and short commodity and financial futures ([Learn more about the program](#)). The models integrate Blackthorne's proprietary analytics and trading software in combination with alternative data sources to identify and execute mispriced futures. The program is comprised of sentiment momentum models that trade long or short based on the strength of positive/negative market sentiment. By incorporating long and short holdings, it allows for large scale diversification and creates returns which are usually uncorrelated with most traditional investment benchmarks such as the S&P500.



Who do you serve? Who is your target market?

Blackthorne works with high net worth individuals, family offices, and small institutions who are qualified eligible persons as defined by the U.S. Commodity Futures Trading Commission. Blackthorne has a strong working relationship with the University of Wisconsin – Whitewater and its alumni.

Why did you start your company? How has the company evolved?

Blackthorne was founded in 2010 with the mission to develop an integrated research and trading platform. In the last few years, the company has realized that its proprietary software product, the Toolbox, is well positioned for the exploration of alternative data and it has focused its efforts building alternative investment products.

Who is the team?

Blackthorne Capital Management is led by:

- Peter J. Layton, Chief Executive Officer
- R. Scott Morris, Chief Investment Strategist
- Pat Nadler (UWW '77), Chief Operating Officer
- Dr. William L. Dougan, Head of Research (UWW Professor)
- Jon Chesky (UWW '12), Head of Software development
- James McCaffrey, Managing Director – Head of Business Development



In addition to the leadership team, Blackthorne employs:

- Two full time traders – Both UWW Grads
- Three full time analysts – 2 UWW Grads
- Two full time developers - Both UWW Grads
- Four part time analyst interns (2 UWW and 2 UW-Madison students)

When did you join the Whitewater University Innovation Center?

In the early days, Blackthorne started with office space on campus and eventually moved to the Whitewater University Innovation Center. Blackthorne Capital Management was one of the first tenants of the Whitewater University Innovation Center.

Why do you work out of an incubator? And more importantly, why the Whitewater University Innovation Center?

Blackthorne has benefited from the Innovation Center amenities – the office space, meeting space, redundancy in support with multiple internet feeds, and the secure

facility. However, more than anything, Blackthorne values the support of the University of Wisconsin–Whitewater and works with countless professors, graduates, and students.

Various professors have been hired as consultants. Dr. William Dougan has been with Blackthorne from the very beginning and continues to serve as Head of Research.

Currently, Blackthorne employs two part-time interns and eight alumni from the University of Wisconsin – Whitewater. Cumulatively, Blackthorne has provided 72 internships and 4 faculty fellowships over the years. Many of the interns have found positions in the financial markets industry, but a few have remained local. Mitch Kroll and Joe Tenpenny started as interns and have continued to grow with the company.

Joe interned his junior year when he was just starting his finance and data analytic classes. The internship provided experiential learning. As Joe explained, “I was able to learn about multivariate linear regression in class, and then apply what I had learned the same day at Blackthorne.”

As assets grow, Blackthorne will add more interns who benefit from the opportunity to learn Java, analytics, and trading strategies first hand. As Peter Layton, one of the founders and CEO explained, the internship serves as an “extended job interview.” It is an effective way for interns to learn what Blackthorne does and to give it a try before making a commitment. Some interns seek the big-city life and move on to jobs in Chicago and New York, while other choose to stay.

Have you collaborated or partnered with other clients at the Innovation Center?

Peter J. Layton is an early stage investor and has provided advice to early stage companies. Dr. William Dougan is involved in entrepreneurship throughout the state of Wisconsin and is a judge at various business plan contests.

What is your favorite thing about your job and/or the company?

“Creative freedom” is Joe’s favorite thing about his role at Blackthorne. Joe explains, “We are dealing with such a new space and there are many things to consider and ample opportunities to conduct research. At Blackthorne, they give you the ability to try things out, with the understanding it may not work, but that is what ultimately gives us the edge.”

From the leadership perspective, Layton and Morris see an unbelievable amount of teamwork and collaboration between employees. Team members present ideas, get input, and try to find a solution. Furthermore, Layton elaborates, “It is wonderful Morris and Dougan are involved in the collaboration as they are experts in their field.”

What was your company's latest and greatest achievement?

On September 23rd 2020, Blackthorne launched its Sentiment Enhanced Program. To learn more about the Sentiment Enhanced Program, visit their website <https://www.blackthorne.com/> or give them a call at 262-458-6442.

During the development of the program, the Blackthorne team also launched Sentiment Indices as a unique way of showing the value of market sentiment. Each Sentiment Index places a metric on the likelihood of directional movement in a particular market or market sector over a particular term. The Short-term Global Equity Index, the Long-term Global Equity Index, Energy Index, and Metal Index are produced daily and posted midday when the US markets are open. [View Sentiment Indices.](#)